遠東控股國際有限公司

FAR EAST HOLDINGS INTERNATIONAL LIMITED

Stock Code: 36

FEHI

2018
Interim Report

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors

Dr. Wong Yun Kuen *(Chairman)*
Mr. Sheung Kwong Cho

Independent Non-executive Directors

Ms. Kwan Shan
Mr. Wong Kui Shing, Danny
Mr. Mak Ka Wing, Patrick

COMPANY SECRETARY

Mr. Sheung Kwong Cho

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

AUTHORISED REPRESENTATIVES

Dr. Wong Yun Kuen
Mr. Sheung Kwong Cho

AUDIT COMMITTEE

Ms. Kwan Shan *(Chairman)*
Mr. Wong Kui Shing, Danny
Mr. Mak Ka Wing, Patrick

REMUNERATION COMMITTEE

Mr. Wong Kui Shing, Danny *(Chairman)*
Mr. Mak Ka Wing, Patrick
Ms. Kwan Shan

NOMINATION COMMITTEE

Mr. Mak Ka Wing, Patrick *(Chairman)*
Mr. Wong Kui Shing, Danny
Ms. Kwan Shan

INVESTMENT COMMITTEE

Dr. Wong Yun Kuen *(Chairman)*
Mr. Wong Kui Shing, Danny
Mr. Sheung Kwong Cho

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

Unit 902, 299 QRC
287–299 Queen's Road Central
Sheung Wan, Hong Kong
Telephone: 2110 8886
Facsimile: 2110 1159
Email: admin@feholdings.com.hk

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

LISTING INFORMATION

Stock Code: 36
Board Lot Size: 3000

WEBSITE

http://www.0036.com.hk

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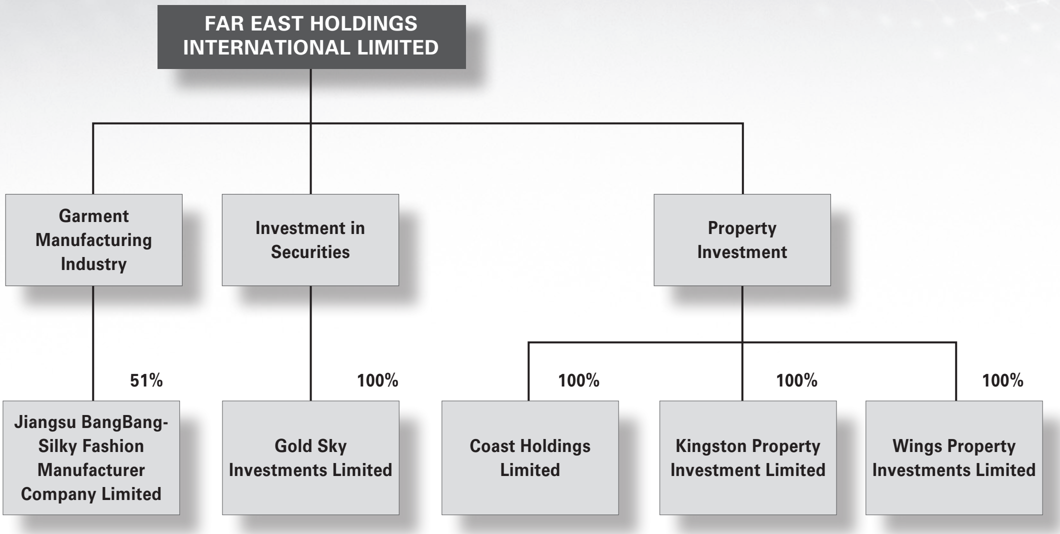
CORPORATE PROFILE



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE RESULTS

For the six months ended 30 June 2018 (the "Period"), Far East Holdings International Limited (the "Company", together with its subsidiaries, collectively, the "Group") recorded revenue from operations of approximately HK$3.3 million (2017: approximately HK$4.8 million), representing a decrease of 30.2% as compared to the corresponding period in 2017. The Group's loss for the Period attributable to owners of the Company was approximately HK$32.4 million (2017: approximately HK$59.5 million). The total comprehensive loss of the Group for the Period was approximately HK$33.2 million (2017: approximately HK$59.6 million), which was mainly due to decrease in fair value of held-for-trading investments of equity securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The loss per share for the Period was 2.98 HK cents (2017: 5.46 HK cents).

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's core business continues to be in the People's Republic of China (the "PRC") and Hong Kong. The principal activities include manufacturing and export of garment products, property investment and investment in securities.

Garment Manufacturing Industry

Jiangsu BangBang-Silky Fashion Manufacturer Company Limited recorded revenue of approximately HK$2.0 million (2017: approximately HK$3.5 million) for the Period, representing a decrease of 43.0% as compared to the corresponding period in 2017.

As this business is facing challenges in terms of increasing material and labour costs and falling per unit sales prices, management has implemented cost controls and seek to find ways to increase its income to offset its losses.

Property Investment

The portfolio of investment properties comprised of commercial units located in Hong Kong with a carrying amount of approximately HK$138.1 million (31 December 2017: approximately HK$138.1 million) as at 30 June 2018. For the Period, the Group recorded rental income of approximately HK$1.4 million (2017: approximately HK$1.3 million). Management will seek to identify further property investment opportunities in order to enhance and generate stable income stream to the Group.

Investment in Securities

The Group has focused on short-term securities trading since the establishment of its wholly-owned subsidiary, namely Gold Sky Investments Limited. During the Period, the Group has recorded fair value loss on held-for-trading investments of approximately HK$31.6 million (2017: approximately HK$58.2 million) attributable to unrealised loss of approximately HK$31.5 million and realised loss of approximately HK$0.1 million due to the fluctuation of Hong Kong equity market. Dividend income from held-for-trading investments of approximately HK$1.1 million (2017: approximately HK$0.5 million) was recorded for the Period.

As at 30 June 2018, held-for-trading investments amounted to approximately HK$613.4 million (31 December 2017: approximately HK$648.4 million). This value represented an investment portfolio comprising 46 (31 December 2017: 49) equity securities listed in Hong Kong of which 38 (31 December 2017: 40) equity securities are listed on the Main Board of the Stock Exchange and the remaining 8 (31 December 2017: 9) equity securities are listed on the GEM of the Stock Exchange. The Group's held-for-trading investments were represented as follows:

Company Name/Stock Code	Notes	Number of shares held by the Group at 30 June 2018	Percentage of shareholdings at 30 June 2018	Unrealised Fair value gain/(loss) for the Period 2018	Dividend income for the Period 2018	Fair value at 30 June 2018	Percentage of total held-for-trading investments at 30 June 2018	Percentage of total assets of the Group at 30 June 2018
			%* (Note 1)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	%*	%*
Evergrande Health Industry Group Limited (708)	2	15,000,000	0.17	63,150	–	109,500	17.9	12.6
Hong Kong Exchanges and Clearing Limited (388)	3	271,051	0.02	(1,070)	764	63,968	10.4	7.3
Landing International Development Limited (582)	4	399,960,000	0.27	(75,992)	–	47,995	7.8	5.5
OP Financial Limited (1140) *(Formerly known as OP Financial Investments Limited)*	5	15,000,000	0.51	4,950	–	46,650	7.6	5.4
Sino Haijing Holdings Limited (1106)	6	140,000,000	1.13	17,080	–	42,000	6.8	4.8
Solartech International Holdings Limited (1166)	7	25,000,000	1.06	15,000	–	31,500	5.1	3.6
Sino Golf Holdings Limited (361)	8	100,000,000	1.92	3,000	–	30,000	4.9	3.4
SuperRobotics Limited (8176)	9	3,430,000	0.72	(16,224)	–	27,955	4.6	3.2
Wang On Properties Limited (1243)	10	25,000,000	0.16	(5,000)	249	27,500	4.5	3.2
China Information Technology Development Limited (8178)	11	190,000,000	3.33	(3,040)	–	22,800	3.7	2.6
Huayi Tencent Entertainment Company Limited (419)	12	40,000,000	0.30	800	–	15,000	2.4	1.7
HMV Digital China Group Limited (8078)	13	63,200,000	0.47	(1,074)	–	14,473	2.4	1.7
Newton Resources Limited (1231)	14	18,886,000	0.47	(3,966)	–	13,787	2.2	1.6
Global Mastermind Holdings Limited (8063)	15	90,870,000	2.13	182	–	12,540	2.0	1.4
Yunfeng Financial Group Limited (376)	16	2,000,000	0.08	(1,280)	–	9,620	1.6	1.1
China Shandong Hi-Speed Financial Group Limited (412)	17	31,998,000	0.13	(2,080)	–	8,639	1.4	1.0
Lajin Entertainment Network Group Limited (8172)	18	30,000,000	0.71	(2,700)	–	8,400	1.4	1.0
Others	19	–	–	(23,253)	109	81,114	13.3	9.3
				(31,517)	1,122	613,441	100	70.4

* The percentages are subject to rounding error.

Notes:

1. The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 June 2018 of the issuers publicly available on the website of the Stock Exchange.

2. Evergrande Health Industry Group Limited and its subsidiaries (collectively referred to as the "Evergrande Health Group") were principally engaged in healthcare, health management, high-end medical therapy and elderly care under the membership system.

   Pursuant to the Evergrande Health Group's annual report for the year ended 31 December 2017, the Evergrande Health Group recorded revenue of approximately RMB1,328 million and total comprehensive income of approximately RMB304 million. The Evergrande Health Group will cooperate with financial, tourism, internet and other fields to grasp more members and provide health services for more people. Meanwhile, the Evergrande Health Group will continue to facilitate its cooperation with 3A hospitals across China. A tiered medical treatment system namely Evergrande Medical Association, applicable to international hospitals, 3A hospitals across China and henghe hospital in Beijing will be optimised to expand Evergrande Medical Association. The Group believes that the aforementioned business plans will create value to the shareholders of the Evergrande Health Group.

   There was no acquisition or disposal of the equity interest in the Evergrande Health Group during the Period.

3. Hong Kong Exchanges and Clearing Limited and its subsidiaries (collectively referred to as the "HKEX Group") own and operate the only stock exchange and futures exchange in Hong Kong and their related clearing houses.

   Pursuant to the HKEX Group's interim report for the six months ended 30 June 2018, the HKEX Group's recorded revenue of approximately HK$7,385 million and total comprehensive income was approximately HK$5,086 million. As the world enters a new era of fintech, there will be many opportunities as well as challenges. An innovation lab was established in the HKEX Group to explore the increased use of emerging technologies in various parts of our business, both operationally and strategically. The HKEX Group will continue to collaborate with our regulators and other stakeholders to refine their connect programmes. In view of the above, the Group believe that the future prospect of the HKEX Group is positive.

   Except for a scrip dividend of 3,019 shares in the HKEX Group of approximately HK$0.8 million, there was no acquisition or disposal of the equity interest in the HKEX Group during the Period.

4. Landing International Development Limited and its subsidiaries (collectively referred to as the "Landing Group") were principally engaged in development and operation of the integrated leisure and entertainment resort, gaming and entertainment facilities and property development.

   Pursuant to the Landing Group's announcement of the interim results for the six months ended 30 June 2018, the Landing Group recorded revenue of approximately HK$1,752 million and total comprehensive loss of approximately HK$433 million. The Landing Group has been investing in Jeju Shinhwa World in Jeju, South Korea since late 2013. On 21 February 2018, the Landing Group obtained conditional approval to relocate its casino (the "Landing Casino") in Hyatt Regency Hotel Jeju, South Korea to Jeju Shinhwa World. The Landing Casino was then relocated on 25 February 2018. During the Period, Jeju Shinhwa World regularly attracted many local and foreign visitors and generated a new segment revenue of approximately HK$164 million. The Group believes that the future prospect of the Landing Group is optimistic in view of its latest development of Jeju Shinhwa World.

   There was no acquisition or disposal of the equity interest in the Landing Group during the Period.

5. OP Financial Limited (formerly known as OP Financial Investments Limited) and its subsidiaries (collectively referred to as the "OP Financial Group") were principally engaged in investment in a diversified portfolio of global investments in listed and unlisted enterprises thereby to achieve earnings in the form of medium to long term capital appreciation.

   Pursuant to the OP Financial Group's annual report for the year ended 31 March 2018, the OP Financial Group recorded revenue of approximately HK$125 million and total comprehensive income of approximately HK$196 million. The OP Financial Group will continue the implementation of their strategy and carry out cross-border integration and collaboration. As a listed investment platform, the OP Financial Group will make the most of the patient capital, multiple financing instruments, and the most suitable capital structure, to generate a long-term return for shareholders of the OP Financial Group. The Group believes that the future business prospect of the OP Financial Group is positive.

   There was no acquisition or disposal of the equity interest in the OP Financial Group during the Period.

6. Sino Haijing Holdings Limited and its subsidiaries (collectively referred to as the "Sino Haijing Group") were principally engaged in manufacturing and sale of packaging products, securities trading and other investing activities, ticketing agency business and money lending business.

   Pursuant to the Sino Haijing Group's annual report for the year ended 31 December 2017, the Sino Haijing Group recorded revenue of approximately HK$921 million and total comprehensive loss of approximately HK$103 million. With strong management team who has solid experience in tourism, entertainment and cultural industries, the Sino Haijing Group is optimistic about the prospects of the new projects in the PRC and Southeast Asia. It is expected that these new projects will generate considerable returns to the Sino Haijing Group in the future. The Group expects these new projects is beneficial to the Sino Haijing Group in the future prospect.

   There was no acquisition or disposal of the equity interest in the Sino Haijing Group during the Period.

7. Solartech International Holdings Limited and its subsidiaries (collectively referred to as the "Solartech Group") were principally engaged in the manufacture and trading of cables and wires, manufacture, trading of copper rods, trading of metallurgical grade bauxite and investment properties.

   Pursuant to the Solartech Group's interim report for the six months ended 31 December 2017, the Solartech Group recorded revenue of approximately HK$200 million and total comprehensive income of approximately HK$12 million. The Solartech Group has been devoting substantial effort on the restructuring of the cables and wires business over the past two years, which involved consolidating of plants and acquiring automatic machinery and equipment to enhance efficiency and reduce cost. This has achieved positive results of the Solartech Group. The Group expects the future prospect of the Solartech Group is positive.

   There was no acquisition or disposal of the equity interest in the Solartech Group during the Period.

8. Sino Golf Holdings Limited and its subsidiaries (collectively referred to as the "Sino Golf Group") were principally engaged in manufacturing and trading of golf equipment, golf bags and accessories and the development of integrated resort in Saipan.

   Pursuant to the Sino Golf Group's annual report for the year ended 31 December 2017, the Sino Golf Group recorded revenue of approximately HK$207 million and total comprehensive loss of approximately HK$27 million. The Sino Golf Group will continue to streamline the golf bags operations to enhance efficiency and launch active marketing initiatives to promote sales for the future. Taking into consideration the sales orders status and the prevailing market conditions, the management of the Sino Golf Group has adopted a positive view with caution on the outlook of the golf bags business for the ensuing period. The Group believes that the operating performance of the Sino Golf Group will be improved as the Sino Gold Group is determined to continually develop the golf equipment business through strengthening the cooperation with existing customers as well as exploring business opportunities with other credible and potential customers in golf market.

   There was no acquisition or disposal of the equity interest in the Sino Golf Group during the Period.

9. SuperRobotics Limited and its subsidiaries (collectively referred to as the "SuperRobotics Group") were principally engaged in the sale of beauty products, provision of therapy services, and provision of engineering products and related services.

   Pursuant to the SuperRobotics Group's interim report for the six months ended 30 June 2018, the SuperRobotics Group recorded revenue of approximately HK$31 million and total comprehensive loss of approximately HK$46 million. The SuperRobotics Group will continue to focus on three robotic production lines: police use, commercial use and civilian use, in accordance with market conditions and the status of product development, In the second half of the year, the SuperRobotics Group will put great effort into streamlining the product lines of intelligent robots, with its resources focus on high-growth and high-value-added product categories, entering certain rising industries swiftly and achieving the leading position in the niche market. The Group is optimistic about the future prospect of the SuperRobotics Group in the robotics market.

   There was no acquisition or disposal of the equity interest in the SuperRobotics Group during the Period.

10. Wang On Properties Limited and its subsidiaries (collectively referred to as the "Wang On Group") were principally engaged in property development and property investment businesses.

    Pursuant to the Wang On Group's annual report for the year ended 31 March 2018, the Wang On Group recorded revenue of approximately HK$1,352 million and total comprehensive income of approximately HK$1,944 million. Since the strong demand from local home buyers has pushed residential property prices and the number of transactions to new highs in Hong Kong, the Group is optimistic about the property market and the performance of the Wang On Group in the future.

    There was no acquisition or disposal of the equity interest in the Wang On Group during the Period.

11. China Information Technology Development Limited and its subsidiaries (collectively referred to as the "China Information Group") were principally engaged in software development, system integration and securities investments.

    Pursuant to the China Information Group's interim report for the six months ended 30 June 2018, the China Information Group recorded revenue of approximately HK$31 million and total comprehensive loss of approximately HK$7 million. The China Information Group will continue to walk with two feet, steady growth in current businesses and the exploration of new businesses, so as to create value to the China Information Group and bring benefits to the shareholders of the China Information Group. The Group believes that the business plan of the China Information Group will have positive impact on the future prospect of the China Information Group.

    There was no acquisition or disposal of the equity interest in the China Information Group during the Period.

12. Huayi Tencent Entertainment Company Limited and its subsidiaries (collectively referred to as the "Huayi Tencent Group") were principally engaged in entertainment and media business; and provision of online and offline healthcare and wellness services.

    Pursuant to the Huayi Tencent Group's interim results announcement for the six months ended 30 June 2018, the Huayi Tencent Group recorded revenue of approximately HK$58 million and total comprehensive loss of approximately HK$23 million. The Huayi Tencent Group will concentrate on the investment in Korean film and television ("TV") productions. In view of this focus and the potential easing of restriction on Korean contents by the Chinese authority, it is expected that the investment in existing Korean film and TV projects will generate considerable return for the Huayi Tencent Group. The Group believes the future prospect of the Korean film and TV projects is optimistic.

    There was no acquisition or disposal of the equity interest in the Huayi Tencent Group during the Period.

13. HMV Digital China Group Limited and its subsidiaries (collectively referred to as the "HMV Digital Group") were principally engaged in the entertainment business, with a focus in TV program and movie production, distribution, distribution licensing, cinema operation and management in both Hong Kong and the PRC, artiste management, money lending activities and acquisitions of corporate bonds, preference shares as well as investment in securities.

    Pursuant to the HMV Digital Group's interim report for the six months ended 31 December 2017, the HMV Digital Group recorded revenue of approximately HK$264 million and total comprehensive loss of approximately HK$31 million. Since the HMV Digital Group has been taking a leading position in the cultural and entertainment industry in Hong Kong and the PRC with vertically-integrated business chains, whose main businesses comprise up-stream business of movie production, midstream business of movie distribution, cinema operations, artiste management and down-stream new-retail-concept stores. Each of the business chain operates well and provides strong synergy among the HMV Digital Group, the Group believes the future prospect of the HMV Digital Group is positive.

    There was no acquisition or disposal of the equity interest in the HMV Digital Group during the Period.

14. Newton Resources Ltd and its subsidiaries (collectively referred to as the "Newton Group") were principally engaged in mining, processing and sale of iron concentrates and gabbro-diabase, stone products in the PRC and carpark service.

    Pursuant to the Newton Group's annual report for the year ended 31 December 2017, the Newton Group recorded revenue of approximately RMB649 million and total comprehensive loss of approximately RMB47 million. In view of the Newton Group continue to develop and grow the trading business in 2018 and has secured the supply of coal from coal mines in Inner Mongolia in March 2018, the Group believes that the business expansion will increase the revenue and improve the future prospect of the Newtown Group.

    There was no acquisition or disposal of the equity interest in the Newton Group during the Period.

15. Global Mastermind Holdings Limited and its subsidiaries (collectively referred to as the "Global Mastermind Group") were principally engaged in the provision and operation of travel business, treasury management and money lending.

    Pursuant to the Global Mastermind Group's interim report for the six months ended 30 June 2018, the Global Mastermind Group recorded revenue of approximately HK$16 million and total comprehensive loss of approximately HK$25 million. Given that the Global Mastermind Group will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions, the Group is optimistic about the future prospects of the Global Mastermind Group.

    There was no acquisition or disposal of the equity interest in the Global Mastermind Group during the Period.

16. Yunfeng Financial Group Limited and its subsidiaries (collectively referred to as the "Yunfeng Financial Group") were principally engaged in wealth management, securities brokerage, employee stock ownership plan administration, corporate finance advisory and investment research.

    Pursuant to the Yunfeng Financial Group's interim results announcement for the six months ended 30 June 2018, the Yunfeng Financial Group recorded revenue of approximately HK$15 million and total comprehensive loss of approximately HK$190 million. The Yunfeng Financial Group will continue to push forward on the completion of the acquisition of an equity interest in MassMutual Asia Limited ("MassMutual") that enable internal cross-referrals of existing customers of the Yunfeng Financial Group and MassMutual, thereby facilitating a wider customer reach and further expanding the financial service ecosystem of the Yunfeng Financial which covers an expansive range of financial products and services. The Group believes the acquisition of the equity interest in MassMutual is beneficial to the Yunfeng Financial Group.

    There was no acquisition or disposal of the equity interest in the Yunfeng Financial Group during the Period.

17. China Shandong Hi-Speed Finance Group Limited and its subsidiaries (collectively referred to as the "China Shandong Hi-Speed Group") were principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending and investment holding, business factoring and securities brokerage business.

    Pursuant to the China Shandong Hi-Speed Group's annual report for the year ended 31 March 2018, the China Shandong Hi-Speed Group recorded revenue of approximately HK$458 million and total comprehensive income of approximately HK$917 million. In view of the China Shandong Hi-Speed Group will make the most of being a listed platform and licensed institution and focus on the markets in the Greater China and "One Belt, One Road", the Group believes it will establish a first class investment and financing and financial holding platform with diversified business structure, distinctive business features, delivering higher profitability and excellent asset quality through an organic and inorganic development approaches.

    There was no acquisition or disposal of the equity interest in the China Shandong Hi-Speed Group during the Period.

18. Lajin Entertainment Network Group Limited and its subsidiaries (collectively referred to as the "Lajin Entertainment Group") were principally engaged in provision of artists management services, and investment in movies, TV programs and internet contents.

    Pursuant to the Lajin Entertainment Group's interim report for the six months ended 30 June 2018, the Lajin Entertainment Group recorded revenue of approximately HK$35 million and total comprehensive loss of approximately HK$105 million. In view of the Lajin Entertainment Group has been proactive in teaming up with talented creative teams as well as powerful and affluent media companies in the TV and/or movies industry for its investments in quality TV and/or movies projects for the sake of effectively managing and mitigating the risks for our investments, the Group is optimistic about its investments in movies and TV programs.

    There was no acquisition or disposal of the equity interest in the Lajin Entertainment Group during the Period.

19. Others comprised 29 listed securities and none of these investments account for more than 1.0% of the total assets of the Group as at 30 June 2018. There were 4 listed securities included in others, namely Up Energy Development Group Limited (stock code: 307), Hsin Chong Group Holdings Limited (stock code: 404), Hua Han Health Industry Holdings Limited (stock code: 587) and Town Health International Medical Group Limited (stock code: 3886) whose securities have been suspended for a prolonged period and an unrealised fair value loss of approximately HK$27 million has been recognised in the prior year. No fair value adjustments have been made regarding these 4 listed securities during the Period.

Prospects

As investment in securities accounts for a significant portion of the Group's total assets, management will closely monitor the investment portfolio and capture opportunities arising from held-for-trading investments in a prudent manner and balance investment risks. Notwithstanding the overall operating result of investment in securities for the Period was in a loss position, the Group believes that following the implementation of the favorable financial policies in Hong Kong, such as the Shanghai-Hong Kong Stock Connect, mutual recognition of funds and the Shenzhen-Hong Kong Stock Connect, the Group is optimistic about the future equity securities markets in Hong Kong. Meanwhile, the Company has been exploring suitable opportunities to acquire investment properties in Hong Kong in order to generate more stable and recurrent rental income to the Group.

In view of the decrease in revenue recorded in the segment of the garment manufacturing industry, management is actively looking for suitable opportunities for the Group to diversify its business and broaden its revenue base. Management is optimistic to increase the revenue of the Group in the second half of 2018.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2018, the Group had bank balances and cash and deposits held at financial institutions of approximately HK$94.7 million (31 December 2017: approximately HK$92.6 million). Fundamentally, the Group's funding policy was to finance the business operations with internally-generated cash. As at 30 June 2018, the Group had no outstanding interest-bearing bank borrowings (31 December 2017: Nil).

Gearing Ratio

As the Group did not have any interest-bearing bank loans and was in a net cash position as at 30 June 2018, no gearing ratio (total debts as percentage of equity attributable to owners of the Company) information was presented (31 December 2017: Nil).

Current Ratio

The Group's current ratio (current assets to current liabilities) as at 30 June 2018 decreased to 173.1 (31 December 2017: 187.3). On the whole, the financial position and liquidity of the Group remained strong and stable.

Capital Structure

The Group has mainly relied on its equity and internally-generated cash flow to finance its operations. As at 30 June 2018, the total number of issued ordinary shares of the Company was 1,089,118,593 shares (31 December 2017: 1,089,118,593).

Exposure to Foreign Exchange Fluctuations

The Group had no significant exposure to foreign exchange fluctuations during the Period.

Charges Over Assets of the Group

As at 30 June 2018, the Group did not have any charges on its assets (31 December 2017: Nil).

Contingent Liabilities

As at 30 June 2018, the Company had no contingent liabilities (31 December 2017: Nil).

Capital Commitment

As at 30 June 2018, the Group had no significant capital commitments (31 December 2017: Nil).

Material Acquisitions and Disposals

The Group made no material acquisition or disposal for the Period and up to date of this report (2017: the Group has acquired the entire equity interest of Lead Power, a company engaged in property investment in Hong Kong, at a cash consideration of approximately HK$53 million and Lead Power became a wholly owned subsidiary of the Company. Details of the transaction are set out in the Company's announcement dated 28 December 2016, 19 January 2017 and note 15 to the condensed consolidated financial statements).

Employees and Remuneration Policy

As at 30 June 2018, the Group had approximately 92 employees in Hong Kong and the PRC (31 December 2017: 93 employees). The Group offers its employees competitive remuneration packages based on industry practices and performance of individual employees. Year-end discretionary bonus may be granted to reward and motivate well-performed employees.

INTERIM DIVIDEND

No dividends were paid, declared or proposed during the Period. The Board have determined that no dividend will be paid in respect of the Period.

DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR ANY ASSOCIATED CORPORATION

As at 30 June 2018, none of the Directors or chief executive of the Company and their associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that no shareholder has notified the Company of any interest, direct or indirect, or short position in 5% or more of the issued share capital of the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period and up to the date of this report was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

DISCLOSURE OF ADDITIONAL INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. The Company has made specific enquiries and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the following:

(a) Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a chief executive officer. The responsibilities of the chief executive officer and the daily operation of the Group's business is handled by the executive Directors collectively. The Board is of the view that although there are no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who meet from time to time to discuss issues affecting the operations of the Group. As there is a clear division of responsibilities of each Director, the vacancy of chief executive officer did not have any material impact on the operations of the Group. The Board will continue to review the effectiveness of the Group's structure as business continues to develop in order to assess whether any changes, including the appointment of a chief executive officer, is necessary.

(b) Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Wong Kui Shing, Danny, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 15 June 2018 due to business engagements.

DISCLOSURE OF ADDITIONAL INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2017 Annual Report of the Company are set out below:

Name of Director	Details of change
Mr. Mak Ka Wing, Patrick *Independent non-executive Director*	Retired as an independent non-executive director of Fullsun International Holdings Group Co., Limited (stock code: 627) with effect from 15 August 2018.

AUDIT COMMITTEE

An audit committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The audit committee comprises three independent non-executive Directors, namely, Ms. Kwan Shan (chairman of the audit committee), Mr. Wong Kui Shing, Danny and Mr. Mak Ka Wing, Patrick.

The audit committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2018.

By Order of the Board
Far East Holdings International Limited
Wong Yun Kuen
Chairman

Hong Kong, 27 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended	
		30.6.2018	30.6.2017
	Notes	**HK$'000**	HK$'000
		(unaudited)	(unaudited)
Revenue	3	**3,349**	4,796
Cost of sales		**(2,565)**	(3,614)
Gross profit		**784**	1,182
Dividend income from held-for-trading investments		**1,122**	545
Other income		**450**	904
Other gains and losses	4	**(31,590)**	(58,161)
Selling and distribution costs		**(14)**	(26)
Administrative expenses		**(3,895)**	(4,305)
Loss before tax		**(33,143)**	(59,861)
Income tax expense	5	**–**	–
Loss for the period	6	**(33,143)**	(59,861)
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from the translation of foreign operations		**(87)**	305
Other comprehensive (loss)/income for the period		**(87)**	305
Total comprehensive loss for the period		**(33,230)**	(59,556)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Note	Six months ended 30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		**(32,432)**	(59,473)
Non-controlling interests		**(711)**	(388)
		(33,143)	(59,861)
Total comprehensive loss attributable to:			
Owners of the Company		**(32,477)**	(59,320)
Non-controlling interests		**(753)**	(236)
		(33,230)	(59,556)
Loss per share			
Basic (HK cents)	8	**(2.98)**	(5.46)
Diluted (HK cents)	8	**(2.98)**	(5.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	**30.6.2018 HK$'000 (unaudited)**	31.12.2017 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties	9	**138,167**	138,167
Property, plant and equipment	9	**19,419**	19,938
Prepaid lease payments		**448**	464
		158,034	158,569
CURRENT ASSETS			
Prepaid lease payments		**20**	20
Held-for-trading investments	10	**613,441**	648,368
Inventories		**2,894**	1,955
Trade and other receivables	11	**947**	1,354
Amount due from a non-controlling interest		**744**	1,085
Tax recoverable		**197**	197
Deposits held at a financial institution	10	**87,302**	82,477
Bank balances and cash		**7,430**	10,074
		712,975	745,530
CURRENT LIABILITIES			
Trade and other payables	12	**3,810**	3,670
Tax payable		**310**	310
		4,120	3,980
NET CURRENT ASSETS		**708,855**	741,550
TOTAL ASSETS LESS CURRENT LIABILITIES		**866,889**	900,119
NON-CURRENT LIABILITY			
Deferred tax liabilities		**15,433**	15,433
NET ASSETS		**851,456**	884,686
CAPITAL AND RESERVES			
Share capital	13	**632,610**	632,610
Reserves		**214,637**	247,114
Equity attributable to owners of the Company		**847,247**	879,724
Non-controlling interests		**4,209**	4,962
TOTAL EQUITY		**851,456**	884,686

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company					
	Share capital HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2018 (audited)	**632,610**	**6,666**	**240,448**	**879,724**	**4,962**	**884,686**
Loss for the period	**–**	**–**	**(32,432)**	**(32,432)**	**(711)**	**(33,143)**
Other comprehensive loss for the period						
Exchange differences arising from the translation of foreign operations	**–**	**(45)**	**–**	**(45)**	**(42)**	**(87)**
Total comprehensive loss for the period	**–**	**(45)**	**(32,432)**	**(32,477)**	**(753)**	**(33,230)**
At 30 June 2018 (unaudited)	**632,610**	**6,621**	**208,016**	**847,247**	**4,209**	**851,456**
At 1 January 2017 (audited)	632,610	6,233	170,998	809,841	7,184	817,025
Loss for the period	–	–	(59,473)	(59,473)	(388)	(59,861)
Other comprehensive income for the period						
Exchange differences arising from the translation of foreign operations	–	153	–	153	152	305
Total comprehensive income/(loss) for the period	–	153	(59,473)	(59,320)	(236)	(59,556)
At 30 June 2017 (unaudited)	632,610	6,386	111,525	750,521	6,948	757,469

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Note	Six months ended 30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		**1,765**	56,806
INVESTING ACTIVITIES			
Withdrawal of deposits with financial institutions		**–**	51,350
Placement of deposits held at financial institutions		**(4,825)**	(58,293)
Acquisition of assets through acquisition of subsidiaries (net of cash and cash equivalents acquired)	15	**–**	(49,647)
Acquisition of property, plant and equipment		**(9)**	(3)
Interest received		**450**	–
NET CASH USED IN INVESTING ACTIVITIES		**(4,384)**	(56,593)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,619)**	213
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**10,074**	11,726
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(25)**	240
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash		**7,430**	12,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial information relating to the year ended 31 December 2017 that is included in this report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers
- Amendments to HKFRS 2, Classification and Measurement of Share-Based Payment Transactions
- Amendments to HKFRS 15, Revenue from Contracts with Customers (Clarification to HKFRS 15)
- Amendments to HKAS 40, Transfers of Investment Property
- HK(IFRIC)-Int 22, Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) HKFRS 9 Financial Instrument ("HKFRS 9")

Classification and measurement of financial instruments

In the Period, the Group has adopted HKFRS 9 "Financial Instruments". HKFRS 9 is effective for the accounting periods beginning on or after 1 January 2018. The Group applied the transition provisions set out in HKFRS 9 to adjust the retained profits or other reserves as at 1 January 2018, without restating comparative information retrospectively by applying the classification and measurement requirements (including impairment) to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The principal effects resulting from the application of HKFRS 9 on the Group's assets or liabilities are summarised below:

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); and (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(a) HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

Classification and measurement of financial instruments (Continued)

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
			HK$'000	HK$'000
Held-for-trading investments	Held-for-trading	FVTPL	648,368	648,368
Trade and other receivables	Loans and receivables	Amortised cost	1,354	1,354
Amount due from a non-controlling interest	Loans and receivables	Amortised cost	1,085	1,085
Deposits held at a financial institution	Loans and receivables	Amortised cost	82,477	82,477
Bank balances and cash	Loans and receivables	Amortised cost	10,074	10,074

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" model. The Group applies simplified approach to recognise lifetime expected losses for all trade receivables. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(b) HKFRS 15 Revenue from contracts with customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment is necessary.

3. SEGMENT INFORMATION

Information reported to the executive Directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance, is organised into the following segments which focus on the category of different industries and is consistent with the basis of organisation in the Group:

Industrial	— manufacturing and sale of garments
Securities investment	— short term securities investment
Property investment	— property investment

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Six months ended 30 June 2018

	Industrial HK$'000	Securities investment HK$'000	Property investment HK$'000	Consolidated HK$'000 (unaudited)
Segment and external revenue	**1,996**	**–**	**1,353**	**3,349**
Segment results	**(1,476)**	**(30,519)**	**1,076**	**(30,919)**
Other income				**450**
Unallocated expenses				**(2,674)**
Loss before tax				**(33,143)**

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Six months ended 30 June 2017

	Industrial HK$'000	Securities investment HK$'000	Property investment HK$'000	Consolidated HK$'000 (unaudited)
Segment and external revenue	3,503	–	1,293	4,796
Segment results	(941)	(57,436)	1,115	(57,262)
Other income				904
Unallocated expenses				(3,503)
Loss before tax				(59,861)

Segment results represent the (loss)/profit from each segment without allocation of other income and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Segment result of securities investment segment includes gain or loss from changes in fair value of held-for-trading investments and dividend income from held-for-trading investments.

4. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Fair value loss on held-for-trading investments	**(31,590)**	(58,161)

5. INCOME TAX EXPENSE

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Deferred tax:		
Hong Kong Profits Tax	**–**	–

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

For the six months ended 30 June 2018, Hong Kong profits tax had not been provided for as the Group had no assessable profit for the period.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's subsidiaries in the PRC is 25%. EIT has not been provided for as the Group has no assessable profit for both periods.

6. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	**10**	15
Depreciation of property, plant and equipment	**492**	537
Directors' remuneration and other staff costs	**4,090**	4,287
Legal and professional fee	**119**	187

7. DIVIDEND

No dividends were paid, declared or proposed during the current interim period. The Directors have determined that no dividend will be paid in respect of the current interim period (2017: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(32,432)**	(59,473)
Number of shares:		
Weighted average number of ordinary shares for the purposes of loss per share	**1,089,118,593**	1,089,118,593

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2018 and 2017.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group spent HK$9,000 (2017: HK$3,000) on purchase of property, plant and equipment. There were no additions or disposals of investments properties during the period (2017: additions of investment properties HK$50,099,000).

The fair value of the Group's investment properties at 30 June 2018 was determined by the Directors based on the market approach. The fair value of the Group's investment properties as at 31 December 2017 has been arrived at on the basis of a valuation carried out as at that date by Messrs. Roma Appraisals Limited ("Roma"), an independent qualified professional surveyor not connected to the Group. Roma is a member of the Hong Kong Institute of Surveyors who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The fair values were determined based on the market approach. The market approach uses prices and other relevant information generated by market transactions involving comparable properties. No change in fair value of investment properties has been recognised in profit or loss for the six months ended 30 June 2018 (2017: Nil).

The Group's investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2018 and 31 December 2017. There were no transfers into or out of Level 3 during the period.

10. HELD-FOR-TRADING INVESTMENTS/DEPOSITS HELD AT A FINANCIAL INSTITUTION

	30.6.2018 **HK$'000** **(unaudited)**	31.12.2017 HK$'000 (audited)
Listed equity securities:		
Hong Kong	**613,441**	648,368

The fair values of held-for-trading investments have been determined by reference to the quoted market prices available on the relevant exchange.

As at 30 June 2018, the Group's five largest held-for-trading investments contributed to approximately 50.6% of the Group's held-for-trading investments and such investments contributed approximately HK$8,118,000 gain from changes in fair value of held-for-trading investments recognised in profit or loss for the current interim period.

As at 30 June 2018, the Group's deposits held at a financial institution were held in securities trading accounts for the purpose of the Group's securities investment operation.

11. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows an average credit period of 90 days (31 December 2017: 90 days) to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period:

	30.6.2018 **HK$'000** **(unaudited)**	31.12.2017 HK$'000 (audited)
Current	**265**	885
Past due:		
1 to 30 days	**–**	104
31 to 60 days	**–**	14
61 to 90 days	**–**	4
Total trade receivables	**265**	1,007
Trade receivables, net of allowance for doubtful debt	**265**	1,007
Prepayments, deposits and other receivables	**682**	347
	947	1,354

12. TRADE AND OTHER PAYABLES

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Trade payables	**49**	49
Other payables and accruals	**3,761**	3,621
	3,810	3,670

At 30 June 2018 and 31 December 2017, all trade payables were aged over 90 days based on the invoice date.

13. SHARE CAPITAL

	Number of shares		Share capital	
	30.6.2018	31.12.2017	**30.6.2018**	31.12.2017
			HK$'000	HK$'000
	(unaudited)	(audited)	**(unaudited)**	(audited)
Issued and fully paid	**1,089,118,593**	1,089,118,593	**632,610**	632,610

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at 30 June 2018 HK$'000**	Fair value as at 31 December 2017 HK$'000	**Fair value hierarchy**	**Valuation techniques and key inputs**
1. Listed equity securities in Hong Kong classified as held-for-trading investments in the condensed consolidated statement of financial position	**613,441**	648,368	Level 1	Quoted prices in an active market

There were no transfers between Level 1 and 2 in the current and prior periods.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

The Group is exposed to equity price risk through its investment in listed equity securities classified as held-for-trading investments. During the current interim period, the decline of share prices in the Hong Kong stock market has resulted in unrealised fair value loss recognised in profit or loss.

15. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES IN THE PRIOR PERIOD

On 19 January 2017, the Group acquired 100% of the issued share capital of Lead Power Investments Limited ("Lead Power") for a cash consideration of HK$53,425,000. Lead Power and its subsidiary are principally engaged in property investment and their major assets are office units in Hong Kong classified as investment properties. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction were as follows:

	HK$'000
Investment properties	50,099
Property, plant and equipment	20
Other receivables	13
Bank balances and cash	3,778
Other payables	(485)
	53,425
Satisfied by:	
Cash consideration paid	53,425
Net cash outflow arising on acquisition:	
Cash consideration paid	53,425
Bank balances and cash acquired	(3,778)
	49,647

16. RELATED PARTY TRANSACTION

Other than those disclosed elsewhere in these condensed consolidated financial statements, the Group had the following related party transactions during the period:

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group are as follows:

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short-term benefits	**1,188**	990
Post-employment benefits	**–**	–
	1,188	990

17. EVENT AFTER THE END OF THE REPORTING PERIOD

On 23 July 2018, a direct wholly-owned subsidiary of the Company (the "Lender") and a company incorporated in the British Virgin Islands (the "BVI") with limited liability (the "Borrower") entered into a loan agreement (the "Loan Agreement"). Pursuant to the Loan Agreement, the Lender has agreed to provide the loan in the principal amount of HK$68,000,000 (the "Loan") to the Borrower for a period of 3 months at an interest rate of 10% per annum. The Loan was guaranteed by a guarantor and was secured by the charges over the shares of a company incorporated in the BVI with limited liability that principally engaged in the development, manufacturing and distribution of a fuel additive product. On 31 July 2018, the Lender and the Borrower entered into a supplemental loan agreement, pursuant to which the Lender and the Borrower agreed to extend the drawdown date for 30 calendar days from 31 July 2018 to 30 August 2018.

Details of the Loan were disclosed in the announcements of the Company dated 23 July 2018 and 31 July 2018. The Borrower has not yet drawn down the Loan up to the date of this report.

18. REVIEW OF INTERIM ACCOUNTS

The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.